

## **DOMESTIC MARKET DOMINANT BILLING DETERMINANTS**

(Revisions are described at the end of this document in **bold**.)

### **I. PREFACE**

#### **A. Purpose and Content**

USPS-FY14-4 contains the U.S. Postal Service billing determinants for domestic market dominant products for FY 2014. Billing determinants provide specific information regarding revenue and volume of postal products and services. It consists of a CD ROM containing the electronic version, and several printouts containing the hard copy version of the billing determinants.

#### **B. Predecessor Document**

Domestic Billing Determinants for FY 2013 were filed with the Postal Regulatory Commission as USPS-FY13-4.

#### **C. Methodology**

The methodologies used to produce the FY 2014 Billing Determinants follow the methodologies used in the FY 2013 and earlier versions of the billing determinants.

#### **D. Input/Output**

The data in USPS-FY14-4 are used to develop workshare and other cost information contained in USPS-FY14-10, USPS-FY14-11, USPS-FY14-12, USPS-FY14-13, USPS-FY14-15, USPS-FY14-16, USPS-FY14-17, USPS-FY14-18, and USPS-FY14-19.

### **II. ORGANIZATION**

USPS-FY14-4 consists of ten Excel workbooks containing FY 2014 billing determinants for market dominant products. The following list indicates the contents of each workbook.

FY 2014 BPM.xlsx – Bound Printed Matter Billing Determinants  
FY 2014 FCM.xlsx – First-Class Mail Billing Determinants  
FY 2014 Library Mail.xlsx – Library Mail Billing Determinants  
FY 2014 Media Mail.xlsx – Media Mail Billing Determinants  
FY 2014 Periodicals.xlsx – Periodicals Billing Determinants

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FY 2014 Special Services and Free Blind.xlsx – Special Services Billing Determinants

FY 2014 Standard Mail.xlsx – Standard Mail Billing Determinants

FY 2014 Alaska Bypass.xlsx – Alaska Bypass Billing Determinants

Sub Folder “Supplemental Data” contains the quarterly billing determinants for those classes that have not historically included that level of detail.

#### **Revisions of 2/6/15**

The revision replaces the BPM billing determinants file to remedy the omission of FSS data noted in the Response to ChIR 1, Q 3c (Jan. 30, 2015), filed in Docket No. R2015-4. All other files are unchanged, and they are not included with the new material.

#### **Revisions of 2/13/15**

The revision replaces the Special Services billing determinants file to provide updated information related to Return Receipt after Mailing. In particular, the Postal Service unintentionally omitted volume from a new WebTools option that was implemented in September of 2014. The revised billing determinants file also includes revisions to Premium Stamped Cards and Stationery, Certificates of Mailing, and Credit Card Authentication, that reflect the Postal Service’s Responses to ChIR 3, Question 6 (b,c,d), filed on February 4, 2015, in Docket No. R2015-4. All other files are unchanged.

#### **Revisions of 3/03/15**

The revision replaces the BPM billing determinants file to account for updated BPM-Flats presort volumes, which were understated in the original billing determinants file.

#### **Revisions of 4/15/15**

These revisions affect two files, Periodicals and Bound Printed Matter. Changes made in each file are described below.

##### **Periodicals:**

1. Revenues for Within County Quarter 2 were corrected for all price cells except Basic Automation Letters and the DDU dropship discount and Full Service IMb incentive. Yellow highlight.
2. Outside County Nonprofit, Quarter 1. The bundles reported for Carrier Route in Mixed ADC Sacks/Pallets are in reality Firm Bundles and have been corrected. Yellow highlight.

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3. **Outside County Nonprofit, Quarter 2. Per-Piece editorial discount volume corrected. Yellow highlight. The red highlighted correction in the FSS scheme pallets entered at DFSS is a correction that stems from an original error in the Shape Indicia File. The shape indicia file was corrected (red highlight) for the Flats column, but the total column was not updated. This updated volume was used in the Capcalc file and was the reason for mismatch between Capcalc and billing determinants. Similar corrections for Regular Rate and Classroom were also made. Full Service IMb volume was also corrected. Highlighted in yellow.**
4. **Outside County Regular Rate Quarter 1. Minor correction in 3D/SCF pallets entered at the destination SCF. Yellow highlight. Science of Agriculture calculated revenue corrected. Yellow highlight.**
5. **Outside County Regular Rate Quarter 2. This is the correction discussed in bullet 3 relating to error in shape indicia file. Red highlight. Science of Agriculture calculated revenue corrected. Yellow highlight. Corrected Ride-Along revenue. Yellow highlight.**
6. **Outside County Classroom, Quarter 2. FSS scheme pallets entered at the DFSS as discussed in bullet 3. Red highlight.**

**Bound Printed Matter:**

**In Order No. 2398 (March 18, 2015), the Commission directed the Postal Service to “reconcile and explain the differences between the Special Weight Report and the March 3, 2015 revision to its billing determinants.” The Commission also ordered the Postal Service to “remedy inconsistencies shown in Library Reference PRC-LR-R2015-4/8.” In response to those requests, the Postal Service is making the following revisions to the Billing Determinants for Bound Printed Matter (BPM):**

1. **For BPM Single Piece Flats and Parcels the Postal Service uses a unique Single Piece Special Weight Report (“Single Piece SWR”) as the distribution key for weight and zone in order to accurately distribute the volumes by rate category from the RPW Extract Report, for purposes of developing the revenue by rate category. The Single Piece SWR uses a subset of data from the RPW sampling system to generate the weight and zone distributions. In reviewing the Single Piece parcel data, we discovered (and have now corrected) a calculation error in the Single Piece SWR. Also, the report requires a delivery day conversion in Quarter 2 to estimate the volumes received prior to and after the change in prices on January 26. In the original SWR report, the delivery day ratios used were incorrect. The correct delivery day ratios are now used, and when the new distribution from the SWR is applied as the distribution key, there are small but widespread volume shifts within cells of the billing determinants for Single Piece Flats and Parcels. The BPM**

Billing Determinants have thus been updated to reflect more accurate volume distributions for Single Piece Flats and Parcels. These are in the “*Single Piece BD-Flats*” and “*Single Piece BD-Parcels*” Tabs.

2. For Presort Parcels there is a redistribution of volumes that leads to changes in the billing determinants. The Presort tabs of the Billing Determinants use the BPM Special Weight Report, filed with the Commission in response to Order No. 2378, (“BPM SWR”) as the distribution key to distribute the volumes reported by rate category in the RPW Extract file, while tying to the extract file’s total revenue for this mail. There was an adjustment made to the SWR volume total, adding 796,159 pieces that were distributed across all cells using the SWR Report distribution key. In reviewing these data, we have now determined that these pieces should have been allocated solely as Presort DDU volume. The reallocation of this volume causes changes reflected in every cell in the “*Presort Flats BD*” Tab.
3. In Presort Flats, the Postal Service was asked to reconcile and explain the differences between the BPM SWR and the March 3, 2015 revision to its billing determinants. Although the BPM SWR is a “source” document for the billing determinants, its main use is to create a distribution by which the RPW Extract volume and weight can be correctly allocated to the rate cells within the Billing Determinants. Using the BPM SWR as the distribution key against RPW Extract methodology, there are changes in the volume distributions within the Presorted and Carrier Route Non-FSS Flats in the “*Presort Parcels BD*” Tab.

It is important to clarify the role of the different source files for the Billing Determinants. As a rule of thumb, the Billing Determinants are reconciled with the RPW Report and its extract files. However, in determining volumes at the price cell level, Special Weight Reports are used to establish the appropriate distribution keys because such a level of detail is not immediately available in the RPW reports. These Special Weight Reports provide additional information that is not shown in the RPW Extract sheets, such as zone, entry level and the dates of price implementations.

The Special Weight Reports totals do not always match the RPW Report and its extracts. Accounting and other end of period adjustments are reflected in the RPW reports, but not necessarily in the Special Weight Reports. Nonetheless, the Special Weight Report proportions are still the best available information for breaking out the RPW data into the more disaggregated components necessary to prepare the billing determinants.

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**The changes to the Billing Determinants described above are the result of reconciling the differences in our source files.**